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UPDATED TUE, AUG 2 2022 • 10:28 PM EDT

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## Stocks fall a second day on U.S.-China tensions, hawkish comments from Fed leaders

Carmen Reinicke

Samantha Subin

*Check here for real-time updates of the U.S. stock market.*



**VIDEO** 03:01

Markets fall as investors weigh U.S.-China tensions



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session. The benchmark had earlier climbed off of lows as [Pelosi's plane landed safely in Taiwan](#) Tuesday morning. The Dow Jones Industrial Average also shed 402.23 points, or 1.23%, to 32,396.17. [Caterpillar](#) weighed on the 30-stock index and shares slid after the company [posted disappointing quarterly earnings](#). The Nasdaq Composite fell 0.16% to 12,348.76, even though Uber jumped 18.9% [following earnings](#).

Stocks wavered early in the afternoon, reacting to multiple comments from regional Fed presidents who all threw cold water on the idea that the central bank will be done raising rates or move them lower anytime soon.

Chicago Fed President Charles Evans said that [he hopes the central bank can raise](#) its benchmark interest rate by half a percentage point in September and then continue with quarter-point hikes until the start of the second quarter in 2023. San Francisco Fed President Mary Daly said that the central bank still has work ahead to combat inflation.

**VIDEO 03:10**

Pelosi's planned Taiwan visit has created less market anxiety than expected, says Mohamed El-Erian



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Leading up to the trip, Chinese officials threatened to act if Pelosi moved forward with the visit. Pelosi is the most senior U.S. official to meet with Taiwan leaders on the island since former House Speaker Newt Gingrich visited in 1997.

“I do think the trip will not lead to any real economic disruption, but of course the rhetoric and the headlines start to intensify and it’s something we need to watch going forward,” said Mona Mahajan, Edward Jones senior investment strategist, on CNBC’s “Squawk Box” Tuesday. “Geopolitical tension has been a theme we’ve really been seeing all year that has been weighing on markets.”

#### **Stock picks and investing trends from CNBC Pro:**

These stocks are poised for a comeback if inflation peaks, Jefferies says

Wall Street pros say these small caps are good buys as recession looms — BofA gives one 40% upside

How to play Gen Z as it surpasses millennials in wealth and influence, according to Jefferies

Traders are also looking ahead to another raft of earnings from companies such as Starbucks, PayPal and Advanced Micro Devices on Tuesday after the bell. On the economic data front, investors this week are [awaiting the July nonfarm payrolls report](#) slated for release Friday for further clues into the state of the economy and the job market.

[Lea la cobertura del mercado de hoy en español aquí.](#)

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20 HOURS AGO



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VIDEO 10:05

**PRO** Uber, AMD, and Starbucks are some of today's stocks: Pro Market Movers August 2

Uber caught market pros' attention after shares popped on the ride-sharing app's quarterly results. The company posted a big second-quarter loss, but managed to defy expectations on revenue. Shares ended the day 19% higher.

*-Christina Falso, Darla Mercado*

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21 HOURS AGO

**All three major averages fall Tuesday for second day in a row**



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CNBC

The S&P 500, Dow Jones Industrial Average and the Nasdaq Composite slumped Tuesday, unable to hold onto earlier gains.

The S&P 500 slipped 0.67% to 4,091.19 after being down nearly 1% earlier in the session. The Dow Jones Industrial Average also shed 402.23 points, or 1.23%, to 32,396.17. The Nasdaq Composite fell 0.16% to 12,348.76, even though Uber jumped 18.9% [following earnings](#).

— *Carmen Reinicke*

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22 HOURS AGO

## Caterpillar, Boeing lead Dow to the downside

The Dow is lagging the S&P 500 and Nasdaq in Tuesday's session, and most of the stocks in the 30-name average are in the red.

The worst performers in the Dow come from the industrials sector. Shares of Caterpillar are down more than 5% after the company's second-quarter revenues came in below expectations, while Boeing has dropped nearly 3%.

Elsewhere, Shares of Visa are down more than 2%, as are shares of Intel.

Insurance stock Travelers is the only Dow name up at least 1%.

— *Jesse Pound*



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The Nasdaq Composite was still in the green, however, up 0.20%, boosted by Uber's more than 18% jump following earnings.

— *Carmen Reinicke*

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23 HOURS AGO

## **ETF flows showed big pivot to growth in July**

Last month's rally for growth stocks was due in part to a historic divide in ETF flows, according to Strategas ETF strategist Todd Sohn.

“Notably, the monthly spread between Growth inflows and Value outflows was the largest in our dataset history,” Sohn wrote in a note to clients on Tuesday. The data goes back to 2009.

In particular, the iShares Russell 1000 Value ETF saw roughly \$800 million in outflows last month, according to Strategas.

However, value has still attracted more flows than growth since March 2020, thanks to massive flows earlier this year, according to Strategas.

— *Jesse Pound*

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23 HOURS AGO

## **Fed officials trying to cool market's rally, analyst says**

Federal Reserve officials appear to be downplaying the chances of a Fed pivot in their



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the Fed has done nowhere enough damage to make the mark that they need to slow down inflation,” Tyner said.

He also pointed to an increase in the 5-year breakeven inflation metrics as an area that would likely concern the Fed.

— *Jesse Pound*

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23 HOURS AGO

## Citi raises Tesla's price target

Citi raised Tesla's price target, to \$424 from \$375, citing some [better-than-expected second quarter earnings results](#), as well as easing commodity costs for automakers. Still, the investment firm maintained a sell rating on the electric vehicle maker.

“We are moderately raising our estimates to reflect the Q2 EPS beat on continued strong execution and non-automotive upside,” analyst Itay Michaeli wrote in a Monday note.

Automakers have been forced to raise prices on vehicles as they deal with a surge in commodities costs for materials such as cobalt, lithium and nickel, which have [more than doubled during the pandemic](#).

Still, Tesla CEO Elon Musk wrote in a July 28 tweet: “Inflation might be trending down. More Tesla commodity prices are trending down than up fwiw.”

Tesla shares were up more than 1%.

— *Sarah Min*



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**Cleveland Fed President Loretta Mester takes part in a panel convened to speak about the health of the U.S. economy in New York November 18, 2015.**

*Lucas Jackson / Reuters*

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Cleveland Federal Reserve President Loretta Mester said more progress is needed on inflation before the central bank can relax.

In an interview with the Washington Post, the policymaker said there's "more work to do" on inflation, which is running at its highest level since the early 1980s. She added that she would need to see "compelling evidence" that inflation is slowing on a month-over-month basis, and would look for not only a peak but also signs that the cost of living is moving lower.

Her comments [come the same day](#) as fellow regional Fed presidents Mary Daly of San Francisco and Charles Evans of Chicago said they also think there are more hikes ahead. Evans tempered his remarks with hopes that the Fed may not have to go to extremely restrictive policy to control inflation.



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## bottom

The 10-year Treasury yield traded in a large, volatile range Tuesday, and possibly has found a near-term bottom, strategists say.

The yield was at 2.71% in afternoon trading, coming off a low of 2.52% at about 8:30 a.m. ET, according to Wells Fargo's Michael Schumacher. "For me, looking out over the next few months, to the end of September, I think yields are a fair amount higher than they are today," he said. Yields move opposite price.

"I think it probably has bottomed," he said, noting the yield could return to the year high of 3.49%.

Greg Faranello of AmeriVet Securities said separate comments Tuesday from San Francisco Fed President Mary Daly; Chicago Fed President Charles Evans, and Cleveland Fed President Loretta Mester all reinforced a hawkish tone. That helped yields move higher, as did a report that House Speaker Nancy Pelosi's plane landed safely in Taiwan earlier today.

**U.S. 10-year Treasury yield year-to-date**





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cnbc.com



“There’s been a little bit of geopolitical nervousness,” said Faranello. He said [Fed officials are pushing back on the view](#) of some investors that the Fed will soon pivot from its hiking policies.

“Even Daly, who is a bit of a dove, says we’re nowhere near done,” he said. “The Fed speak has been 110% unequivocally bearish. There’s not even a doubt in my mind.”

--Patti Domm

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TUE, AUG 2 2022 • 1:08 PM EDT

## Household debt hits record \$16.2 trillion amid inflation burst

Household debt passed \$16 trillion for the first time as Americans paid more for autos and real estate and increasingly used credit cards for their purchases, the New York Federal Reserve reported Tuesday.

[Total debt rose \\$312 billion](#), most of which came from a \$207 billion increase in mortgage debt. The total American IOU across all forms rose to \$16.15 trillion, a 2% increase.



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—Jeff Cox

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TUE, AUG 2 2022 • 12:46 PM EDT

## **Lots of bad news already discounted, MRB Partners says**

Stocks have rallied off their June lows even as strong inflation persists, economic growth slows and the Federal Reserve continues to raise rates.

One reason for that may be that the market has already priced in much of the bad news out there, according to research firm MRB Partners.

“After de-rating dramatically in the first-half of this year, many investors fear that a significant decline in corporate profits looms, signaling much more pain ahead for stock prices,” MRB said in a note Tuesday.

“That said, from our perspective of a mid/late-cycle slowdown, stocks prices have discounted a lot of bad news,” they said. “Our comparatively constructive economic outlook implies that the selloff in equities and other risk assets is somewhat overdone and there is room for a partial re-rating, provided interest rate expectations and bond yields remain calm for a period.”

They also noted that the Fed will not “sacrifice the U.S. expansion for the sake of achieving a specific inflation rate at a specific time.”

—Fred Imbert

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TUE, AUG 2 2022 • 12:58 PM EDT



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Reported Tuesday. Following that move, he'd like to see the central bank make a series of quarter-percentage-point increases until the start of the second quarter next year.

Overall, he said that he thinks the Fed will have to raise rates between 3.75% and 4% by the end of the year.

— Carmen Reinicke

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TUE, AUG 2 2022 • 12:33 PM EDT

## Stocks midday: S&P 500, Nasdaq Positive, Dow slips

Stocks were mixed in midday trading. At about 12:30 p.m. ET, the S&P 500 was up 0.4%, having gained from being down as much as 1% earlier in the session. The Nasdaq Composite was also in the green, up 0.89%, supported by a more than 17% jump in Uber.

The Dow lagged the other averages and was down about 54 points in the early afternoon. It was dragged lower by shares of Caterpillar, which slipped more than 3% on an earnings miss.

— Carmen Reinicke

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TUE, AUG 2 2022 • 12:16 PM EDT

## Federal Reserve President remarks lift stocks

The S&P 500 and the Nasdaq Composite gained Tuesday afternoon [following comments from regional Federal Reserve Bank presidents](#) on what may be ahead in interest rate hikes as the central bank looks to keep inflation in check.



Later, Chicago Fed President Charles Evans said that a 50 basis-point hike in September would be reasonable, and another 75 basis-point increase would also be ok.

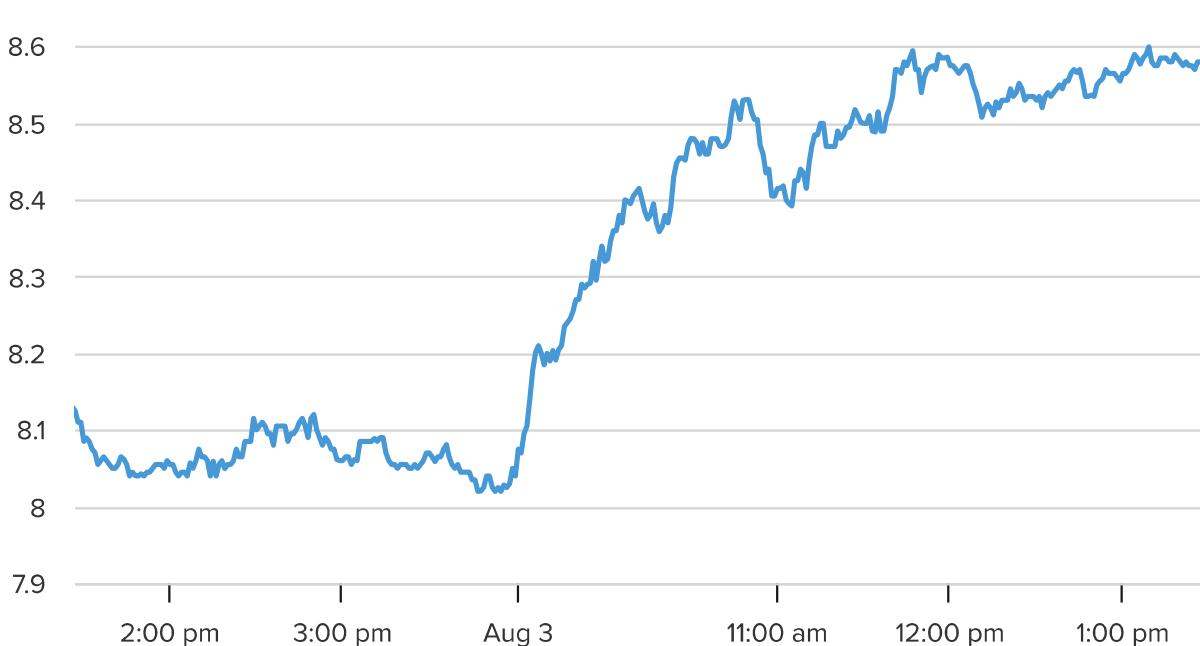
— Carmen Reinicke

TUE, AUG 2 2022 • 11:34 AM EDT

## JetBlue slumps after high costs lead to earnings miss

Shares of JetBlue fell more than 6% Tuesday after the company [reported earnings that missed Wall Street's expectations](#), mainly because of an increase in costs.

### Increased costs drag JetBlue





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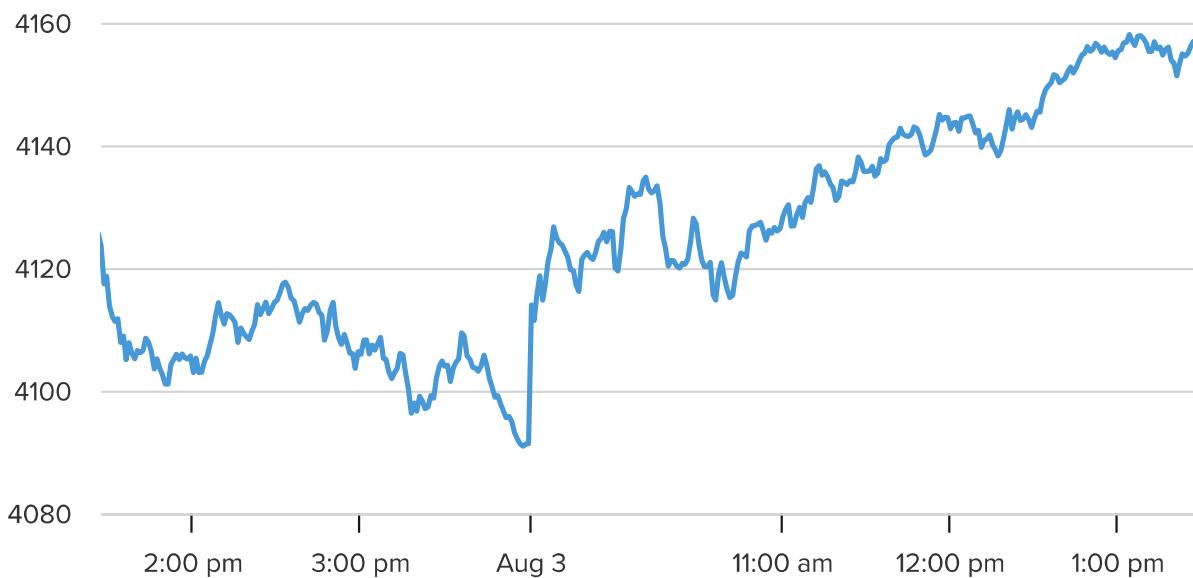


House Speaker Nancy Pelosi landed in Taiwan safely on Tuesday, even amid China's threats that there would be "serious consequences" for her visit.

The escalating rhetoric left investors somewhat skittish ahead of Pelosi's arrival, with the major U.S. stock averages falling on Tuesday before the landing.

The S&P 500 climbed into the green and was last flat in trading shortly after Pelosi arrived as traders bet China allowing the plane to land means tensions would soon ease. The benchmark was down 0.9% earlier in the session.

### S&P 500 1 day



cnbc.com



—Fred Imbert



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Prices added to geopolitical tensions between the U.S. and the People's Republic of China.

Lockheed Martin was ahead 2.4%, Northrop Grumman added 2%, Raytheon Technologies climbed 0.9%, General Dynamics rose 0.6% and Huntington Ingalls advanced 0.1%.

—*Scott Schnipper*

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TUE, AUG 2 2022 • 10:18 AM EDT

## Bill Ackman calls for further rate hikes

Bill Ackman, founder and CEO of Pershing Square Capital Management.

Adam Jeffery | CNBC



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— Ackman says the biggest risk to the markets is that people are not preparing enough.

Ackman's Pershing Square has interest rate hedges in place that would benefit from short-term rates and the 30-year Treasury yield moving higher, he said.

Check out the [full interview here](#).

— Jesse Pound

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TUE, AUG 2 2022 • 10:07 AM EDT

## Job openings plunge in June

The June Job Openings and Labor Turnover Survey, released Tuesday morning by the Bureau of Labor Statistics, showed that [job openings fell to 10.7 million](#). That was much lower than economist expectations of an 11.14 million print.

The largest decreases in job openings were in retail trade, wholesale trade and state and local government education.

— Carmen Reinicke

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TUE, AUG 2 2022 • 9:44 AM EDT

## Stocks open lower, led by Dow's 266 point drop

Stocks opened lower Tuesday as traders digested tensions with China over House Speaker Nancy Pelosi's Taiwan visit, a new round of earnings reports and economic data coming later in the day.



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TUE, AUG 2 2022 • 8:51 AM EDT

## **CNBC's Jim Cramer says inflation has peaked, citing drop in oil prices**

The economy has reached peak inflation, as shown by the recent drop in oil prices, according to a Tuesday tweet from CNBC's Jim Cramer.

"The speed of the decline in oil i think puts the lie to the notion, again, that we have not had peak inflation," Cramer wrote. "The inflationistas simply refuse to believe it could have peaked regardless of the evidence."

Data pointing to a global manufacturing downturn caused [oil prices to slip further](#) from their highs this week, though they recovered somewhat since.

—Sarah Min

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TUE, AUG 2 2022 • 8:40 AM EDT

## **Stocks may move higher after Pelosi lands in Taiwan, JPMorgan says**

Stock markets may shrug off House Speaker Nancy Pelosi's visit to Taiwan Tuesday, especially if there is no immediate reaction from China, JPMorgan wrote in a Tuesday note.

"Senators from both sides of the aisle have visited Taiwan this year, including Democrats Duckworth and Menendez and Republicans Graham and Scott," analysts wrote. "Some of the Chinese response to those visits were military drills in the Taiwan Strait and military plane flyovers of Taiwan."



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— Carmen Reinicke

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TUE, AUG 2 2022 • 8:05 AM EDT

## Don't lose sight of JOLTS data, El-Erian says

Investors focused on House Speaker Nancy Pelosi's trip to Taiwan should make sure not to overlook key economic data coming today that could influence the Federal Reserve's path forward, according to Mohamed El-Erian, Allianz chief economic advisor.

"There's so much attention on the US China issue, don't lose sight of the JOLTS data," El-Erian said Tuesday on CNBC's "Squawk Box," referring to the Job Openings and Labor Turnover survey due later in the morning.

That data is important for the Fed, he added, as they chart their path of potential interest rate hikes.

— Carmen Reinicke

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TUE, AUG 2 2022 • 8:00 AM EDT

## Bank of America says clients have bought stocks for five straight weeks

Bank of America clients were net buyers of U.S. stocks last week, the fifth straight week of positive inflows, according to a note from strategist Jill Carey Hall. Total inflows were \$4 billion, according to the note.

"All client groups were buyers this week. Buying was led by institutional clients after selling the week before, while hedge funds and private clients were net buyers for the



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TUE, AUG 2 2022 • 7:39 AM EDT

## Pinterest shares still elevated after Elliott Management announces stake

Shares of Pinterest were up more than 18% in premarket trading, holding onto a surge from Monday night following activist investor Elliott Management announcing it had taken a stake in the company and was its largest investor.

The image-sharing company also reported earnings Monday that disappointed on both earnings and revenue but showed better-than-expected user numbers.

### Pinterest pop



cnbc.com



— Carmen Reinicke



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The company also reported a net loss of \$2.6 billion for the quarter, some of which was attributed to investments in Aurora, Grab and Zomato.

## Uber shares take a ride



cnbc.com



- Carmen Reinicke

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TUE, AUG 2 2022 • 6:46 AM EDT

## Impact of Pelosi trip on markets

Mona Mahajan, Edward Jones senior investment strategist, addressed the impact of Pelosi's possible Taiwan visit on markets in a CNBC "[Squawk Box](#)" appearance Tuesday:



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—John Melloy

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TUE, AUG 2 2022 • 6:36 AM EDT

## Caterpillar drops after reporting earnings

[Caterpillar](#) shares slid more than 1% after the industrial giant posted mixed quarterly results. The company earned \$3.18 per share, beating a Refinitiv consensus forecast of \$3.01 per share. However, Caterpillar's revenue of \$14.25 billion was just below an estimate of \$14.35 billion.

—Fred Imbert

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TUE, AUG 2 2022 • 6:02 AM EDT

## Treasury yields fall in early trading

U.S. Treasury yields fell in early trading Tuesday ahead of House Speaker Nancy Pelosi's expected trip to Taiwan. The benchmark 10-year rate dropped more than 5 basis points to 2.548%, while the 2-year yield slid to 2.856%.

—Fred Imbert

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TUE, AUG 2 2022 • 3:30 AM EDT

## Oil major BP boosts dividend as quarterly profits jump on high commodity prices

U.K. oil giant [BP](#) boosted its dividend on Tuesday as it posted bumper second-quarter



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TUE, AUG 2 2022 • 3:28 AM EDT

## European stocks retreat, tracking global risk-off sentiment

European markets pulled back slightly on Tuesday, tracking risk-off sentiment globally as investors assess whether last month's rally has further to run.

The pan-European [Stoxx 600](#) dropped 0.6% by mid-morning in London, with tech stocks shedding 2.1% to lead losses as almost all sectors and major bourses slid into the red. Telecoms gained 0.6%.

Earnings remain a key driver of individual share price movement. BP, Ferrari, Maersk and Uniper were among the major European companies reporting before the bell on Tuesday.



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Beijing has been vocal about its opposition to Pelosi's trip.

[Taiwan Semiconductor Manufacturing Company](#) shares dropped 3%, while the wider [Taiex](#) index fell 1.83%.

Mainland China's [Shanghai Composite](#) dipped 2.86% and the [Shenzhen Component](#) lost 3%. The [Hang Seng index](#) in Hong Kong was 2.88% lower.

The Japanese [yen](#), commonly seen as a safe-haven asset, strengthened and last stood at 130.88 against the dollar.

— *Abigail Ng*

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MON, AUG 1 2022 • 6:06 PM EDT

## Stock futures open flat

Stock futures opened flat in overnight trading on Monday.

Futures tied to the Dow Jones Industrial Average inched 0.06% lower, or 21 points. S&P 500 futures and Nasdaq 100 futures dipped 0.06% and 0.01%, respectively.

— *Samantha Subin*

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MON, AUG 1 2022 • 5:33 PM EDT

## The upside from here is limited over the next few months, says Truist's Lerner

Investors overallocated toward stocks should consider using the current market conditions to trim back their positions as the upside for equities is limited going forward, says Keith



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This by no means is an indication of the top of the market and equities could squeeze higher, but it is an opportunity to reallocate exposure after last month's strong market rally, Lerner added.

*—Samantha Subin*

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MON, AUG 1 2022 • 5:40 PM EDT

## **Pinterest shares pop 21% as Elliott Management reveals position as largest investor**

Pinterest [shares popped more than 21%](#) after the company posted stronger-than-expected user numbers and Elliott Management revealed it's the largest shareholder in the image-sharing company.

Activist investor Elliott said in a statement that it has "conviction in the value-creation opportunity" at Pinterest, calling the social media company a "highly strategic business with significant potential for growth."

"As the market-leading platform at the intersection of social media, search and commerce, Pinterest occupies a unique position in the advertising and shopping ecosystems, and CEO Bill Ready is the right leader to oversee Pinterest's next phase of growth," Elliott wrote.

Despite the stock move, Pinterest missed estimates for the second quarter on the top and bottom lines. Monthly active users for the period came in 2 million above estimates.

*—Samantha Subin*



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CLUB 3 takeaways from the Investing Club's 'Morning Meeting' on Wednesday



Dow rallies 400 points as investors cheer strong U.S. economic data, earnings



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